

**DAGGETT COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**DAGGETT COUNTY**  
**BASIC FINANCIAL STATEMENTS**  
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# SMUIN, RICH & MARSING

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Daggett County, Utah, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

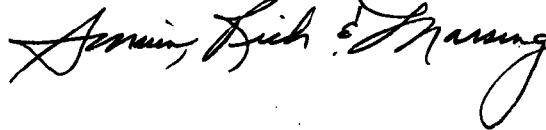
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Daggett County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2005 on our consideration of Daggett County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Daggett County's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governmental and Non-Profit Organizations, and is not a required part of the basic financial statements. These statements and schedules are also the responsibility of the management of the County. Such additional information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion, is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written in dark ink.

Price, Utah

May 20, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

This Management's Discussion and Analysis (MD&A) of Daggett County's financial performance is designed to assist readers in understanding the County's basic financial statements, the relationship of different types of statements, and the significant differences in the information they provide. The MD&A will identify changes in the County's ability to address the next and subsequent year's financial needs, based on currently known facts and is best understood if read in conjunction with Daggett County's basic financial statements.

### **FINANCIAL HIGHLIGHTS AS OF THE CLOSE OF FY2004**

- The government-wide assets of Daggett County exceeded its liabilities by \$24,302,096 million reflecting a change in net assets from the prior period increasing the total by \$49,923. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense for FY2004 in the amount of \$424,802.
- The County's governmental funds reported combined ending fund balances of \$2,110,640 a decrease of \$219,305 over the prior year. The fund balance decreased over the prior years because of additional costs that were not anticipated.
- Daggett County had total overall governmental fund revenues and other financing sources of \$5,186,660, which were less than total expenditures and transfers of \$5,405,965 by \$219,305.
- The County's government-wide long-term debt decreased \$174,265 from calendar year 2003. The County's debt consists of general obligation bonds and capital leases. The G.O. bonds were issued to construct the Daggett County Jail and capital leases were used to purchase equipment.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Daggett County's financial statements focus on both the County as a whole (government-wide), and on the major individual funds. "Funds" are resources segregated for the purposes of implementing specific activities in accordance with special regulations, restrictions, or limitations. Both government-wide and fund perspectives allow users to address relevant questions and understand changes in financial conditions. The structure of the financial statements is presented in the following pages of the MD&A.

The MD&A is intended to be an introduction to Daggett County's basic financial statements. The basic financial statements are comprised of three components, including government-wide financial statements, fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed so that all governmental and business-type activities are reported in columns, which add to a total for the primary government. The Statement of Net Assets provides bottom line results of the County's activities as a whole and presents a longer-term view of the County's finances. The Statement of Net Assets and the Statement of Activities report information about Daggett County and its activities to reflect the financial position. These two statements divide the County into three kinds of activities:

## **Government-Wide Financial Statements (Continued)**

- **Governmental activities** – Most of the County's basic services including general administration are reported here. Property taxes, fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The County charges fees to residents of Dutch John to cover the cost of services provided to maintain water and sewer facilities at Dutch John. The County also receives grant funds from the federal government to help in the transition from Bureau of Reclamation ownership to County ownership.
- **Component Units** – The County includes separate legal entities in its report – Daggett County Roads and Transportation Special Service District is a legally separate entity independent from the County. Since the District provides services only to Daggett County residents and the County has financial responsibility for the District, generally accepted accounting principles require the District's financial statements to be rolled up into Daggett County's financial statements.

## **Fund Financial Statements**

Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide detailed information that focus on the most significant funds rather than the County as a whole. Major funds are separately reported to control and manage money and to show that legal responsibilities are met for certain taxes, grants and other designated funds. Daggett County uses the following types of funds:

**Governmental Funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Daggett County has the following governmental funds – General, Special Revenue and Capital Projects. The services accounted for in the General Fund include general government, public safety, judicial, public health, highway and public improvements, recreation and economic development.

**Proprietary Funds** – Consist of enterprise fund activities used to account for operations that are financed and operated in a manner similar to private businesses. Daggett County has one enterprise fund – Dutch John operating fund, which is used to account for the financial activities of the area formerly known as the Dutch John recreational area.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held by Daggett County in a trustee capacity or as an agent for the benefit of other individuals, governmental units or other funds. Fiduciary funds are not reflected in the government-wide financial statements, as the resources of those funds are not available to support the County's activities.

## **FINANCIAL ANALYSIS OF DAGGETT COUNTY, UTAH: GOVERNMENT-WIDE FINANCIAL STATEMENTS**

This is the first year that Daggett County has implemented GASB 34. Since this is the first year the County is required to comply with GASB 34 there is not comparative figures but amounts for the current year are presented below:



## Net Assets

The County's assets exceeded its liabilities at the close of FY2004 by \$24,302,096. The largest segment of the County's net assets reflect its investment in capital assets (e.g., land, buildings, improvements, furniture, infrastructure), less any related outstanding debt used to acquire those assets. Capital Asset resources are not available for future spending and cannot be liquidated to pay off related liabilities. Resources needed to repay capital-related debt must be provided from other funding sources.

Restricted net assets amount to \$894,239 and represent resources that are subject to restrictions on how they may be used.

**Table 1**  
**Net Assets**

	<b>Governmental Activities 2004</b>	<b>Business-Type Activities 2004</b>	<b>Total Primary Government</b>
Current and other assets	\$ 2,385,547	\$ 2,906,517	\$ 5,292,064
Capital assets, net	7,657,621	14,312,107	21,969,728
<b>Total assets</b>	<b>\$ 10,043,168</b>	<b>\$ 17,218,624</b>	<b>\$ 27,261,792</b>
Long-term debt outstanding	\$ 2,456,952		\$ 2,456,952
Other liabilities	412,516	\$ 90,228	502,744
<b>Total liabilities</b>	<b>\$ 2,869,468</b>	<b>\$ 90,228</b>	<b>\$ 2,959,696</b>
Net assets:			
Investment in capital assets, net of debt	\$ 5,175,012	\$ 14,312,107	\$ 19,487,119
Restricted for:			
Class "B" Road	75,600		75,600
Capital Projects Fund	374,382		374,382
Daggett County Roads & Transportation S.S.D.	444,257		444,257
Unrestricted	1,104,449	2,816,289	3,920,738
<b>Total net assets</b>	<b>\$ 7,173,700</b>	<b>\$ 17,128,396</b>	<b>\$ 24,302,096</b>

## Changes in Net Assets

Daggett County's combined ending net assets total \$24,302,096 million, an over all increase of \$1,700,370 (including prior period adjustment of \$1,650,447) over last year's ending net asset balances. The cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense. The County reported depreciation expense over the past year of \$424,802. The following table summarizes the changes in Daggett County's net assets:

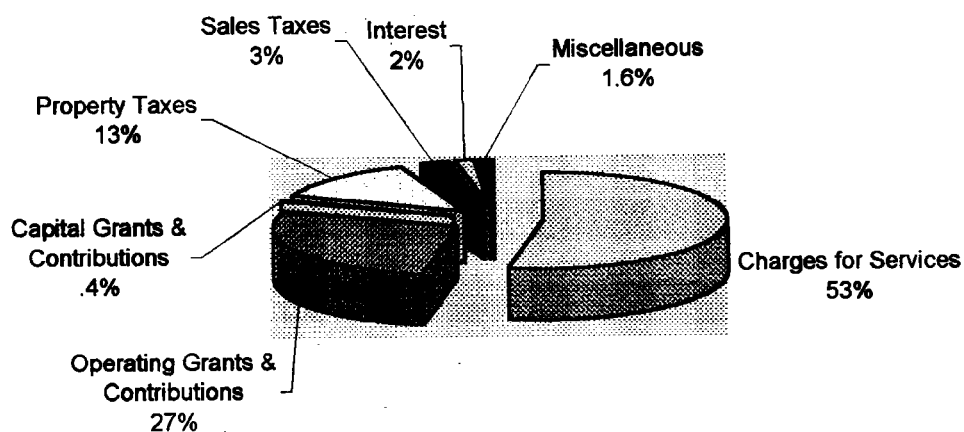
**Table 2**  
**Change in Net Assets**

	<b>Governmental Activities 2004</b>	<b>Business-Type Activities 2004</b>	<b>Total Primary Government</b>
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 2,621,500	\$ 215,678	\$ 2,837,178
Operating grants and contributions	1,132,664	338,066	1,470,730
Capital grants and contributions	20,000		20,000
General Revenues:			
Property taxes	722,058		722,058
Other taxes	70,914		70,914
Sales taxes	142,693		142,693
Gains/(loss) on disposal of assets	(17,044)	(35,016)	(52,060)
Interest	33,772	51,810	85,582
Miscellaneous	125,964		125,964
Total revenues	<u>\$ 4,852,521</u>	<u>\$ 570,538</u>	<u>\$ 5,423,059</u>
<b>Program expenses</b>			
General government	\$ 849,160		\$ 849,160
Public safety	2,889,740		2,889,740
Public health	8,475		8,475
Highways and public improvements	1,041,795		1,041,795
Parks and recreation	34,164		34,164
Conservation & econ. development	49,864		49,864
Interest on long-term debt	120,315		120,315
Dutch John		\$ 379,623	379,623
Total expenses	<u>\$ 4,993,513</u>	<u>\$ 379,623</u>	<u>\$ 5,373,136</u>
Excess (deficiency) before transfers	\$ (140,992)	\$ 190,915	\$ 49,923
Transfers	80,000	(80,000)	
Change in net assets	<u>\$ (60,992)</u>	<u>\$ 110,915</u>	<u>\$ 49,923</u>
Net assets - beginning	\$ 7,234,692	\$ 17,017,481	\$ 24,252,173
Net assets - ending	<u>7,173,700</u>	<u>17,128,396</u>	<u>24,302,096</u>
	<u>\$ (60,992)</u>	<u>\$ 110,915</u>	<u>\$ 49,923</u>

## Governmental Activities

Sources of revenues for the County's government-wide activities are comprised of the items listed below and total \$5,423,059.

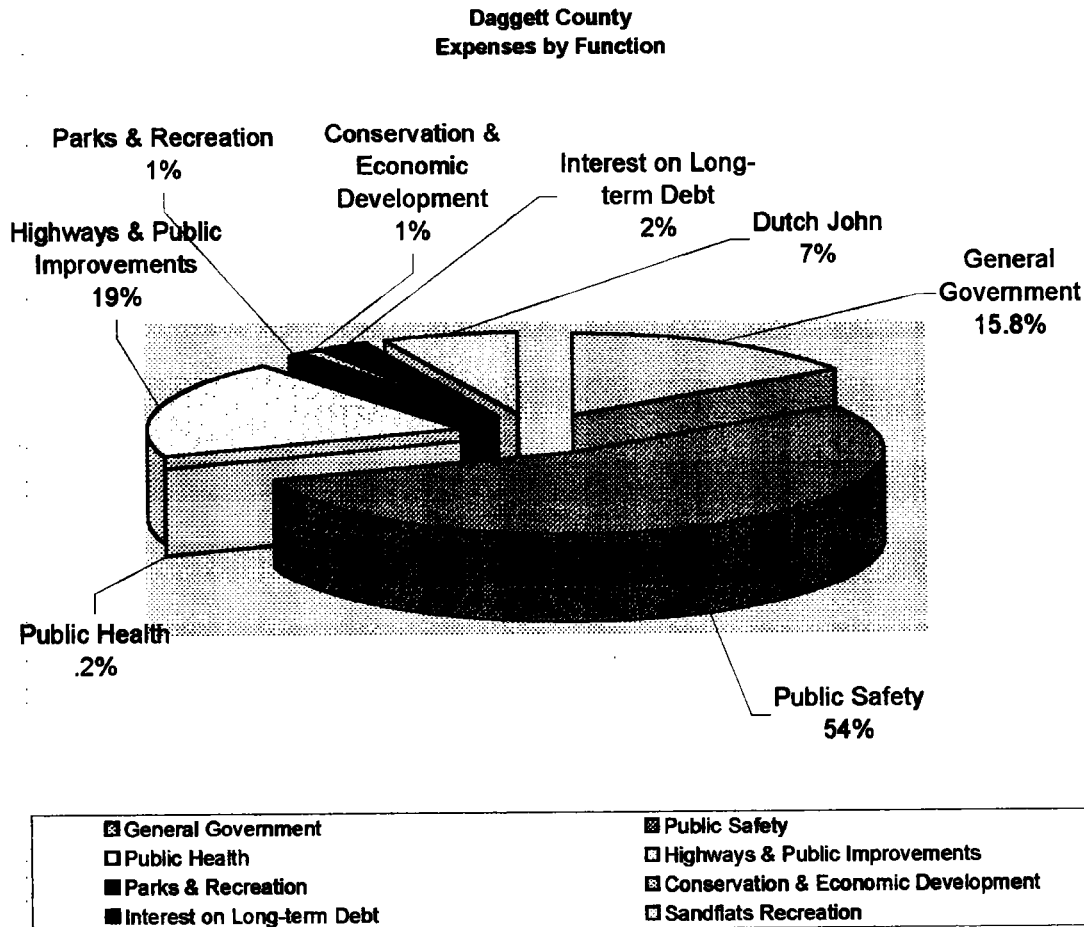
Daggett County Revenues by Source  
Government-wide Activities



<input checked="" type="checkbox"/> Charges for Services	<input checked="" type="checkbox"/> Operating Grants & Contributions	<input type="checkbox"/> Capital Grants & Contributions
<input type="checkbox"/> Property Taxes	<input checked="" type="checkbox"/> Sales Taxes	<input checked="" type="checkbox"/> Interest
<input checked="" type="checkbox"/> Miscellaneous		

Charges for Services constitute the largest source of Daggett County revenues at 53%. Property and sales tax combined represent 16% of the total revenue. Operating grants and contributions provided 27% of the County's revenues for the year.

The cost of all governmental activities for FY 2004 was \$5,373,136. The following chart represents expenses by the County's largest functions.



### Capital Asset and Debt Administration

#### Capital Assets

Daggett County's investment in capital assets for all governmental activities as of December 31, 2004 amounted to \$21,969,728. Capital asset investments include land, right of ways, water rights, buildings, improvements other than buildings and equipment. Roads, highways, and bridges are incorporated in the infrastructure, as summarized below:

## Capital Assets (Continued)

**Table 4**  
**Capital Assets at Year-end**  
**(Net of Depreciation)**

	<b>Governmental Activities 2004</b>	<b>Business-type Activities 2004</b>	<b>Total 2004</b>
Land	\$ 253,276	\$ 11,818,463	\$12,071,739
Right of ways	97,942		97,942
Water rights		782,520	782,520
Buildings	3,084,472	663,026	3,747,498
Improvements other than buildings	354,247	85,125	439,372
Equipment	1,060,968	286,546	1,347,514
Infrastructure	2,806,716	676,427	3,483,143
Total	<u>\$ 7,657,621</u>	<u>\$ 14,312,107</u>	<u>\$21,969,728</u>

Additional information on Daggett County's capital assets can be found in the notes to the financial statements.

### Long-term Debt

The Jail Fund accounts for resources obtained and used for the payment of principal and interest on long-term obligations and on general obligation bonds, which are funded through inmate fees. Although the Jail is accumulating funds to make debt payments the bonds are general obligation debt. The amount of debt a governmental entity may issue is limited to 2 percent of its total fair market value of taxable property. Daggett County currently has general obligation debt of \$2,476,000. The following table is a summary of Daggett County's gross outstanding long-term debt as of December 31, 2004

	<b>Governmental Activities</b>	
	<b>2003</b>	<b>2004</b>
Capital lease payables	\$ 38,371	
Bond payable	<u>2,611,894</u>	<u>\$ 2,476,000</u>
Total	<u>\$ 2,650,265</u>	<u>\$ 2,476,000</u>

More detailed information about the County's long-term liabilities is available in the notes to the financial statements.

### **Business-type Activities**

Enterprise Funds are used to report the functions presented as *business-type activities* shown in the above charts and in the government-wide statements. The activity of the Enterprise Fund experienced an increase in net assets due to grant revenues received, interest income and charges for water and sewer services. The fund financial statements provide more detail and additional information for the County's Enterprise Fund.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Daggett County will consider a number of factors when setting the FY 2005 Budget including but not limited to the unemployment rate, increase/decrease in market values of property and certified tax rates. Currently, there are no major construction projects planned for the up coming fiscal year.

### **Contacting the County's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and show accountability for the money it receives. If you have questions about this report or need additional financial information, contact RaNae Wilde, Daggett County Recorder/Auditor, P.O. Box 219, Manila, Utah 84046.

**DAGGETT COUNTY**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 321,974		\$ 321,974
Investments	1,382,158	\$ 2,869,888	4,252,046
Investments in stock	505		505
Accounts receivable - net	771	31,786	32,557
Property taxes receivable	95,464		95,464
Due from other governmental units	584,650	4,843	589,493
Cash - restricted	25		25
Capital assets (net of accumulated depreciation):			
Land and water rights	351,218	12,600,983	12,952,201
Buildings	3,084,472	663,026	3,747,498
Improvements other than buildings	354,247	85,125	439,372
Equipment	1,060,968	286,546	1,347,514
Infrastructure	2,806,716	676,427	3,483,143
Total assets	<u>\$ 10,043,168</u>	<u>\$ 17,218,624</u>	<u>\$ 27,261,792</u>
<b><u>LIABILITIES</u></b>			
Cash in deficit		\$ 64,228	\$ 64,228
Accounts payable	\$ 135,548	16,803	152,351
Accrued liabilities	139,359	9,197	148,556
Bond interest payable	6,609		6,609
Bond payable - current	131,000		131,000
Bonds payable - noncurrent	2,345,000		2,345,000
Compensated absences	111,952		111,952
Total liabilities	<u>\$ 2,869,468</u>	<u>\$ 90,228</u>	<u>\$ 2,959,696</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	\$ 5,175,012	\$ 14,312,107	\$ 19,487,119
Restricted for:			
Class "B" roads	75,600		75,600
Capital projects	374,382		374,382
Daggett County Roads & Transportation S.S.D.	444,257		444,257
Unrestricted	1,104,449	\$ 2,816,289	3,920,738
Total net assets	<u>\$ 7,173,700</u>	<u>\$ 17,128,396</u>	<u>\$ 24,302,096</u>

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Primary government:</b>						
<b>Governmental activities:</b>						
General government	\$ 849,160	\$ 86,637	\$ 123,897	\$ (638,626)		\$ (638,626)
Public safety	2,889,740	2,482,365	321,854	(65,521)		(65,521)
Public health	8,475			(8,475)		(8,475)
Highways and public improvements	1,041,795	52,498	682,035	(307,262)		(307,262)
Parks, recreation and public property	34,164		4,878	(29,286)		(29,286)
Community and economic development	49,864			(49,864)		(49,864)
Interest on long-term debt	120,315			(120,315)		(120,315)
<b>Total governmental activities</b>	<b>\$ 4,993,513</b>	<b>\$ 2,621,500</b>	<b>\$ 1,132,664</b>	<b>\$ (1,219,349)</b>		<b>\$ (1,219,349)</b>
<b>Business-type activities:</b>						
Enterprise - Dutch John	\$ 379,623	\$ 215,678	\$ 338,066		\$ 174,121	\$ 174,121
<b>Total business-type activities</b>	<b>\$ 379,623</b>	<b>\$ 215,678</b>	<b>\$ 338,066</b>		<b>\$ 174,121</b>	<b>\$ 174,121</b>
<b>Total primary government</b>	<b>\$ 5,373,136</b>	<b>\$ 2,837,178</b>	<b>\$ 1,470,730</b>	<b>\$ (1,219,349)</b>	<b>\$ 174,121</b>	<b>\$ (1,045,228)</b>
<b>General revenues:</b>						
Property taxes				\$ 634,248		\$ 634,248
Sales and use taxes				71,657		71,657
County option sales taxes				71,036		71,036
Restaurant taxes				15,175		15,175
Transient room taxes				54,144		54,144
Motor fuel taxes				1,595		1,595
Assessing and collecting				87,810		87,810
Unrestricted investment earnings				33,772	\$ 51,810	85,582
Gain (loss) on sale of capital assets				(17,044)	(35,016)	(52,060)
Miscellaneous				125,964		125,964
Transfers				80,000	(80,000)	
<b>Total general revenues and transfers</b>				<b>\$ 1,158,357</b>	<b>\$ (63,206)</b>	<b>\$ 1,095,151</b>
<b>Change in net assets</b>						
Net assets - beginning				\$ (60,992)	\$ 110,915	\$ 49,923
Prior period adjustment				7,234,692	15,367,034	22,601,726
<b>Net assets - ending</b>				<b>\$ 7,173,700</b>	<b>\$ 17,128,396</b>	<b>\$ 24,302,096</b>

"The notes to the financial statements are an integral part of this statement."



**DAGGETT COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	GENERAL FUND	CLASS "B" ROADS	JAIL	DAGGETT COUNTY ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and cash equivalents	\$ 25			\$ 50,249	\$ 660,480	\$ 710,729
Restricted cash	205,626					25
Investments				1,176,524	8	1,382,158
Investments in stock	505					505
Accounts receivable (net)	771					771
Property taxes receivable	95,464					95,464
Due from other governments	194,356	\$ 106,350	\$ 260,792		23,152	584,650
<b>Total assets</b>	<b>\$ 496,747</b>	<b>\$ 106,350</b>	<b>\$ 260,792</b>	<b>\$ 1,226,773</b>	<b>\$ 683,640</b>	<b>\$ 2,774,302</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash deficit	\$ 215,771	\$ 14,718	\$ 114,595		\$ 43,671	\$ 388,755
Accounts payable	17,730	16,032	86,325		15,461	135,548
Accrued liabilities	139,359					139,359
<b>Total liabilities</b>	<b>\$ 372,860</b>	<b>\$ 30,750</b>	<b>\$ 200,920</b>	<b>\$</b>	<b>\$ 59,132</b>	<b>\$ 663,662</b>
<b>Fund balances:</b>						
Reserved for:						
Class "B" Road	\$ 75,600			\$ 444,257		\$ 75,600
Daggett County Roads & Transportation S.S.D.					\$ 374,382	444,257
Capital Projects					250,126	374,382
Unreserved	\$ 123,887		\$ 59,872	782,516		1,216,401
<b>Total fund balances</b>	<b>\$ 123,887</b>	<b>\$ 75,600</b>	<b>\$ 59,872</b>	<b>\$ 1,226,773</b>	<b>\$ 624,508</b>	<b>\$ 2,110,640</b>
<b>Total liabilities and fund balances</b>	<b>\$ 496,747</b>	<b>\$ 106,350</b>	<b>\$ 260,792</b>	<b>\$ 1,226,773</b>	<b>\$ 683,640</b>	<b>\$ 2,774,302</b>

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

Total fund balances - governmental fund types: \$ 2,110,640

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,657,621

Land	\$	351,218
Buildings		3,084,472
Improvements other than buildings		354,247
Equipment		1,060,968
Infrastructure		<u>2,806,716</u>
 Total	 \$	 <u>7,657,621</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (2,594,561)

Bond interest payable	\$	(6,609)
G.O. bonds payable - current portion		(131,000)
G.O. bonds payable - Due within one year		(2,345,000)
Compensated absences		<u>(111,952)</u>
 Total	 \$	 <u>(2,594,561)</u>

Net assets of government activities \$ 7,173,700

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	GENERAL FUND	CLASS "B" ROADS	JAIL	DAGGETT COUNTY ROADS AND TRANSPORTATION SPECIAL SERVICE DISTRICT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes	\$ 866,346				\$ 69,319	\$ 935,665
Licenses and permits	28,260					28,260
Intergovernmental revenues	209,384	\$ 369,214		312,821	261,245	1,152,664
Charges for services	727,700	52,498	\$ 1,670,748		81,964	2,532,910
Fines and forfeitures	53,693		6,249			59,942
Interest income	12,240	72		21,460		33,772
Other revenues	85,449	62,192	3,609		2,597	153,847
Total revenues	\$ 1,983,072	\$ 483,976	\$ 1,680,606	\$ 334,281	\$ 415,125	\$ 4,897,060
<b>EXPENDITURES</b>						
General government	\$ 826,617				\$	\$ 826,617
Public safety	1,212,256		\$ 1,370,838		451,386	3,034,480
Public health	8,475					8,475
Highways and public improvements	2,694	\$ 541,636		400,158	2,400	946,888
Parks, recreation, and public property	21,463				12,096	33,559
Community and economic development					49,864	49,864
Debt service:						
Principal retirement	31,035		133,336	9,894		174,265
Interest and fiscal charges	3,301		118,661	255		122,217
Total expenditures	\$ 2,105,841	\$ 541,636	\$ 1,622,835	\$ 410,307	\$ 515,746	\$ 5,196,365
Excess revenues over (under) expenditures	\$ (122,769)	\$ (57,660)	\$ 57,771	\$ (76,026)	\$ (100,621)	\$ (299,305)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	\$ 122,000		\$ 60,000		\$ 107,600	\$ 289,600
Transfers out	(117,600)	\$ (14,000)	(78,000)			(209,600)
Total other financing sources (uses)	\$ 4,400	\$ (14,000)	\$ (18,000)	\$	\$ 107,600	\$ 80,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ (118,369)	\$ (71,660)	\$ 39,771	\$ (76,026)	\$ 6,979	\$ (219,305)
<b>FUND BALANCES - beginning of year</b>	242,256	147,260	20,101	1,302,799	617,529	2,329,945
<b>FUND BALANCES - end of year</b>	\$ 123,887	\$ 75,600	\$ 59,872	\$ 1,226,773	\$ 624,508	\$ 2,110,640

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ (219,305)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

General government	\$ 11,541
Public safety	309,557
Highways and public improvements	59,500
Parks, recreation and public property	<u>5,000</u>

Total assets shown as expenditures	\$ 385,598
Less: depreciation	<u>(335,454)</u>

Difference between expenditure and depreciation 50,144

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. (44,539)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

174,265

Retirement of long-term debt	<u>\$ 174,265</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(21,557)

Change in net assets of governmental activities \$ (60,992)

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes	\$ 781,579	\$ 814,789	\$ 866,346	\$ 51,557
Licenses and permits	22,000	24,000	28,260	4,260
Intergovernmental	402,205	476,890	209,384	(267,506)
Charges for services	803,407	832,396	727,700	(104,696)
Fines and forfeitures	60,500	76,600	53,693	(22,907)
Interest income	5,000		12,240	12,240
Other revenues	18,900	51,400	85,449	34,049
Total revenues	\$ 2,093,591	\$ 2,276,075	\$ 1,983,072	\$ (293,003)
<b>EXPENDITURES</b>				
General government	\$ 954,360	\$ 959,262	\$ 826,617	\$ 132,645
Public safety	1,352,399	1,369,644	1,212,256	157,388
Public health	9,170	9,170	8,475	695
Highways and public improvements	9,000	9,000	2,694	6,306
Parks, recreation and public property	25,770	30,770	21,463	9,307
Community and economic development				
Debt Service:				
Principal retirement		33,000	31,035	1,965
Interest and fiscal charges	8,000	8,000	3,301	4,699
Total expenditures	\$ 2,358,699	\$ 2,418,846	\$ 2,105,841	\$ 313,005
Excess of revenue over (under) expenditures	\$ (265,108)	\$ (142,771)	\$ (122,769)	\$ 20,002
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		\$ 80,000	\$ 122,000	\$ 42,000
Transfers out	\$ (11,600)	(160,727)	(117,600)	43,127
Total other financing sources (uses)	\$ (11,600)	\$ (80,727)	\$ 4,400	\$ 85,127
Excess of revenues and other sources over (under) expenditures and other uses	\$ (276,708)	\$ (223,498)	\$ (118,369)	\$ 105,129
Fund balances - beginning of year	242,256	242,256	242,256	
Fund balances - end of year	\$ (34,452)	\$ 18,758	\$ 123,887	\$ 105,129

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY  
JAIL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Charges for services	\$ 1,911,212	\$ 1,971,212	\$ 1,670,748	\$ (300,464)
Fines and forfeitures			6,249	6,249
Other revenues			3,609	3,609
Total revenues	<u>\$ 1,911,212</u>	<u>\$ 1,971,212</u>	<u>\$ 1,680,606</u>	<u>\$ (290,606)</u>
<b>EXPENDITURES</b>				
Public safety	\$ 1,536,907	\$ 1,507,907	\$ 1,370,838	\$ 137,069
Debt Service:				
Principal retirement	126,000	135,000	133,336	1,664
Interest and fiscal charges	117,360	119,360	118,661	699
Total expenditures	<u>\$ 1,780,267</u>	<u>\$ 1,762,267</u>	<u>\$ 1,622,835</u>	<u>\$ 139,432</u>
Excess of revenue over (under) expenditures	<u>\$ 130,945</u>	<u>\$ 208,945</u>	<u>\$ 57,771</u>	<u>\$ (151,174)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		\$ 60,000	\$ 60,000	
Transfers out		(78,000)	(78,000)	
Total other financing sources (uses)	<u>\$ ...</u>	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>	<u>\$ ...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 130,945</u>	<u>\$ 190,945</u>	<u>\$ 39,771</u>	<u>\$ (151,174)</u>
Fund balances - beginning of year	<u>20,101</u>	<u>20,101</u>	<u>20,101</u>	
Fund balances - end of year	<u><u>\$ 151,046</u></u>	<u><u>\$ 211,046</u></u>	<u><u>\$ 59,872</u></u>	<u><u>\$ (151,174)</u></u>

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**DAGGETT COUNTY ROADS & TRANSPORTATION**  
**SPECIAL SERVICE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 215,000	\$ 215,000	\$ 312,821	\$ 97,821
Interest income	11,000	11,000	21,460	10,460
Total revenues	<u>\$ 226,000</u>	<u>\$ 226,000</u>	<u>\$ 334,281</u>	<u>\$ 108,281</u>
<b>EXPENDITURES</b>				
Highways and public improvements	\$ 360,000	\$ 409,133	\$ 400,158	\$ 8,975
Debt Service:				
Principal retirement	11,500	9,894	9,894	
Interest and fiscal charges	1,000	255	255	
Total expenditures	<u>\$ 372,500</u>	<u>\$ 419,282</u>	<u>\$ 410,307</u>	<u>\$ 8,975</u>
Excess of revenue over (under) expenditures	\$ (146,500)	\$ (193,282)	\$ (76,026)	\$ 117,256
Fund balances - beginning of year	<u>1,302,799</u>	<u>1,302,799</u>	<u>1,302,799</u>	
Fund balances - end of year	<u>\$ 1,156,299</u>	<u>\$ 1,109,517</u>	<u>\$ 1,226,773</u>	<u>\$ 117,256</u>

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**"B" ROAD FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 371,000	\$ 518,260	\$ 369,214	\$ (149,046)
Charges for services			52,498	52,498
Interest income	1,000	1,000	72	(928)
Other revenues	19,000	19,000	62,192	43,192
Total revenues	<u>\$ 391,000</u>	<u>\$ 538,260</u>	<u>\$ 483,976</u>	<u>\$ (54,284)</u>
<b>EXPENDITURES</b>				
Highways and public improvements	\$ 370,520	\$ 524,260	\$ 541,636	\$ (17,376)
Total expenditures	<u>\$ 370,520</u>	<u>\$ 524,260</u>	<u>\$ 541,636</u>	<u>\$ (17,376)</u>
Excess of revenue over (under) expenditures	<u>\$ 20,480</u>	<u>\$ 14,000</u>	<u>\$ (57,660)</u>	<u>\$ (71,660)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		\$ (14,000)	\$ (14,000)	
Total other financing sources (uses)	<u>\$ ...</u>	<u>\$ (14,000)</u>	<u>\$ (14,000)</u>	<u>\$ ...</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 20,480</u>		<u>\$ (71,660)</u>	<u>\$ (71,660)</u>
Fund balances - beginning of year	147,260	\$ 147,260	147,260	
Fund balances - end of year	<u>\$ 167,740</u>	<u>\$ 147,260</u>	<u>\$ 75,600</u>	<u>\$ (71,660)</u>

"The notes to the financial statements are an integral part of this statement."



**DAGGETT COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004**

**BUSINESS-TYPE  
ACTIVITIES -  
ENTERPRISE FUNDS**

**DUTCH  
JOHN  
ENTERPRISE**

**ASSETS**

**Current assets:**

Investments	\$ 2,869,888
Accounts receivable (net)	31,786
Due from other governments	4,843

Total current assets	\$ 2,906,517
----------------------	--------------

**Capital Assets:**

Land and water rights	\$ 12,600,983
Infrastructure	830,328
Buildings	754,452
Improvements	93,927
Machinery and equipment	451,949
Less accumulated depreciation	(419,532)

Total capital assets	\$ 14,312,107
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Total assets	\$ 17,218,624
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**LIABILITIES**

Cash deficit	\$ 64,228
Accounts payable	16,803
Accrued liabilities	9,197

Total liabilities	\$ 90,228
-------------------	-----------

**Net Assets:**

Investment in capital assets, net of related debt	\$ 14,312,107
Unrestricted	2,816,289

Total net assets	\$ 17,128,396
------------------	---------------

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISES FUNDS
	DUTCH JOHN ENTERPRISE
Operating revenues:	
Charges for services	\$ 215,678
Total operating revenues	\$ 215,678
Operating expenses:	
Salaries, wages and benefits	\$ 108,536
Fuel	5,164
Insurance	9,706
Maintenance	23,531
Supplies	48,059
Contractual services	18,599
Utilities	72,390
Miscellaneous	1,592
Travel	2,698
Depreciation	89,348
Total operating expenses	\$ 379,623
Operating income (loss)	\$ (163,945)
Nonoperating revenues (expenses):	
Interest income	\$ 51,810
Loss on sale of capital assets	(35,016)
Grant revenue	338,066
Total nonoperating revenues (expenses)	\$ 354,860
Income (loss) before contributions and transfers	\$ 190,915
Transfers In (Out):	
Transfers out	\$ (80,000)
Total transfers in (out)	\$ (80,000)
Change in net assets	\$ 110,915
Total net assets - beginning	15,367,034
Prior period adjustment	1,650,447
Total net assets - ending	\$ 17,128,396

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY  
STATEMENT OF CASH FLOWS  
PROPERETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	DUTCH JOHN ENTERPRISE
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 214,828
Payments to suppliers	(174,500)
Payments to employees	(99,339)
	<hr/>
Net cash provided (used) by operating activities	\$ (59,011)
<b>Cash Flows From Noncapital Financing Activities:</b>	
Transfers to other funds	\$ (80,000)
Property sales	70,500
Grant revenue	338,066
	<hr/>
Net cash provided (used) by noncapital financing activities	\$ 328,566
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	\$ (20,402)
	<hr/>
Net cash provided (used) by capital and related financing activities	\$ (20,402)
<b>Cash Flows From Investing Activities:</b>	
Interest and dividends received	\$ 51,810
	<hr/>
Net cash provided (used) by investing activities	\$ 51,810
Net increase (decrease) in cash and cash equivalents	\$ 300,963
Cash and cash equivalents, January 1	<hr/> 2,504,697
Cash and cash equivalents, December 31	<hr/> \$ 2,805,660

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPERETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**BUSINESS-TYPE**  
**ACTIVITIES -**  
**ENTERPRISE FUNDS**  
**DUTCH**  
**JOHN**  
**ENTERPRISE**

**RECONCILIATION OF OPERATING INCOME**  
**(LOSS) TO NET CASH PROVIDED (USED) BY**  
**OPERATING ACTIVITIES:**

Operating income (loss)	\$ (163,945)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	\$ 89,348
(Increase) Decrease in accounts receivable	(850)
Increase (Decrease) in accounts payable	7,239
Increase (Decrease) in accrued liabilities	9,197
Total adjustments	\$ 104,934
Net cash provided (used) by operating activities	\$ (59,011)

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2004**

	TRUST FUNDS					AGENCY FUND
	SEARCH & RESCUE	EMT FUNDRAISER	COURT FINES	INMATE COMMISSARY	BAIL	
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 14,009	\$ 1,912	\$ 8,581	\$ 70	\$ 8,681	\$ 469,478
Receivables (net):						10,850
Taxes						61,656
Due from other governments						
Total assets	<u>\$ 14,009</u>	<u>\$ 1,912</u>	<u>\$ 8,581</u>	<u>\$ 70</u>	<u>\$ 8,681</u>	<u>\$ 541,984</u>
<b><u>LIABILITIES</u></b>						
Due governments and organizations	\$ 376	\$ 52	\$ 3,188		\$ 549	\$ 541,984
Deposits held for others						
Total liabilities	<u>\$ 376</u>	<u>\$ 52</u>	<u>\$ 3,188</u>	<u>\$ ...</u>	<u>\$ 549</u>	<u>\$ 541,984</u>
<b><u>NET ASSETS</u></b>						
Restricted	\$ 13,633	\$ 1,860	\$ 5,393	\$ 70	\$ 8,132	
Total net assets	<u>\$ 13,633</u>	<u>\$ 1,860</u>	<u>\$ 5,393</u>	<u>\$ 70</u>	<u>\$ 8,132</u>	<u>\$ ...</u>

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	TRUST FUNDS				
	SEARCH & RESCUE	EMT FUNDRAISER	COURT FINES	INMATE COMMISSARY	BAIL
Operating revenues:					
Charges for services	\$ 353				
Other revenues	6,789	\$ 2,729	\$ 52,459	\$ 121	\$ 16,057
Total operating revenues	\$ 7,142	\$ 2,729	\$ 52,459	\$ 121	\$ 16,057
Operating expenses:					
Supplies	\$ 11,308	\$ 1,041			
Repairs and maintenance	342				
Miscellaneous			\$ 56,036	\$ 296	\$ 14,077
Total operating expenses	\$ 11,650	\$ 1,041	\$ 56,036	\$ 296	\$ 14,077
Operating income (loss) before transfers	\$ (4,508)	\$ 1,688	\$ (3,577)	\$ (175)	\$ 1,980
Other Financing Sources (Uses):					
Contribution	\$ 1,000				
Total other financing sources (uses)	\$ 1,000	\$ ...	\$ ...	\$ ...	\$ ...
Change in net assets	\$ (3,508)	\$ 1,688	\$ (3,577)	\$ (175)	\$ 1,980
Total net assets - beginning	17,141	172	8,970	245	6,152
Total net assets - ending	\$ 13,633	\$ 1,860	\$ 5,393	\$ 70	\$ 8,132

"The notes to the financial statements are an integral part of this statement."

**DAGGETT COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of Daggett County have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, (as amended by GASB Statement 37) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management's Discussion and Analysis (MD&A) providing an analysis of the County's overall financial position and results of operations.
  - Financial statements prepared using full-accrual accounting for all the County's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to financial statements).

**A. Reporting Entity**

Daggett County, Utah (the County) operates under a three-member County Commission form of government. The County provides the following services: Countywide services, such as those provided by elected officials (including assessing and collecting property taxes for all taxing districts in the County), health and human services to the unincorporated areas, such as fire and police protection, developmental services, streets, highways, planning and zoning, animal services and justice courts.

For financial reporting purposes, Daggett County has included all funds, organizations, account groups, agencies, boards and commissions. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the County.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. **Reporting Entity (Continued)**

As required by generally accepted accounting principles, these financial statements present the County (Primary Government) and its component unit. The Component unit is included in the County's reporting entity because of the significance of its operational or financial relationships with the County. Complete financial statements as noted below, can be obtained from their respective administrative offices in Manila, Utah.

**Blended Component Units**

This component unit is an entity, which is legally separate from the County, but is so intertwined with County that it is, in substance, the same as the County and is reported as part of the County and blended into the appropriate funds.

**Daggett County Road and Transportation Special Service District** – The District was created by the adoption of a resolution establishing a service district. The District has been established as a separate body politic and corporate. The County appointed the board governing the District. The District was created for the purpose of building, maintaining or improving roads within the District's boundaries. The District was audited and their report was issued under separate cover. An audit report can be obtained from their administrative office in Manila, Utah.

**Related Organizations**

**Daggett County Water and Sewer District** - The District was created for the greatest beneficial use of water within the County. The County appoints the directors of the District. The District's financial statements have been audited and issued under a separate cover.

B. **Government-Wide and Fund Financial Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods and services and sales of land.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Direct expenses can include certain indirect costs (administrative overhead charges) that are automatically allocated to the various functions.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Accounting (Continued)**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (non-major) funds.

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider has been met. The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statement, rather than as another financing source. Amounts paid to reduce long-term debt of the County are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**Governmental Fund Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include accumulated unpaid compensated absences and principal and interest on general long-term debt which are recognized when due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all activities not accounted for by other funds of the County. The principal source of revenue for this fund is taxes.
- Jail Fund – The Jail Fund is used to account for revenues and expenditures used to cover the cost of operating the Daggett County Jail facility.
- “B” Road Fund – The “B” Road Fund is used to account for the revenues and expenditures used for repair, maintains and improvement of roads which are classified as B roads within the County boundaries.
- Daggett County Road and Transportation Special Service District – The District was created for the purpose of receiving mineral lease money and using these fund to construct, improve and repair County roads for the benefit for the citizens of the County.

The County’s non-major governmental funds include other special revenue funds and capital project funds. The non-major special revenue funds account for specific revenue sources that are legally restricted to expenditures, for specified purposes. The capital project funds accounts for resources obtained and used for the acquisition, construction or improvement of certain capital facilities. Such resources are derived principally from proceeds of debt instruments and operating transfers from the County’s General Fund.

**Proprietary Fund Financial Statements** – Proprietary fund types include an enterprise fund used to account for the goods and services provided by the Dutch John Fund to citizens who live in the Dutch John area. The financial statements of the proprietary funds are reported similar to the government-wide financial statements in that they both use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing goods and services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

The county reports the following major proprietary fund:

- Dutch John Fund – The Dutch John Fund accounts for the resources collected and expenditures incurred for providing utility services to residents within the Dutch John area. The Dutch John Fund also accounts for funds received from the sale of land and expenditures used for infrastructure improvements.

The County does not have any non-major proprietary funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

**Fiduciary Fund Financial Statements** – Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other organizations or individuals. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The county has several types of fiduciary funds.

- **Agency Funds** – Agency Funds are used to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency Funds include Treasurer's Tax Collection fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- **Trust Funds** – The County has the following trust funds, Search and Rescue, EMT Fundraising, Court Fines, Inmate Commissary and Bail Fund, which it manages in a trustee capacity.

**Private-Sector Standards of Accounting and Financial Reporting** – The County generally applies to both the government-wide and proprietary fund statements all Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The County has elected not to follow private-sector guidance subsequent to that date.

**Interfund Transactions** – Interfund transactions represent transactions between different funds within the County. In general, interfund activity, including internal service fund transactions have been eliminated from the government-wide financial statements in an effort to minimize the doubling-up of revenues and expenditures resulting from such transactions. Interfund services provided and used between different functional categories, however, have not been eliminated from the government-wide financial statement so as not to distort the direct costs and program revenues reported in the various functions concerned.

Transfers between governmental and business-type activities are reported at the net amount in the government-wide Statement of Activities. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets.

**Program Revenues/Operating Revenues and Expenses From Non-Operating Items** – Amounts reported as program revenues include 1) charges for fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. **Budgetary Data**

Budgets are presented on the modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary funds. Budgets are not adopted for the agency fund. All annual appropriations lapse at fiscal year end. The following procedures are used in establishing the budgetary data reflected in the financial statements.

1. A formal budget is adopted for all funds, which require a budget: all general, special revenue, debt service, capital projects, and enterprise funds. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By November 1, the County Auditor submits to the County Commission a proposed operating budget for the fiscal year for all funds beginning January 1.
3. The County Commission discusses and approves the budget and sets a date for a public hearing on the proposed budget.
4. A public hearing is held to obtain taxpayer comments and the budget is adopted.
5. The County Commission can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

E. **Cash and Cash Equivalents and Investments**

Cash and investment management in the County is administered by the County Treasurer in accordance with the Utah Money Management Act, Section 51-7 of the Utah code. The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF).

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

Statements of cash flow are presented for proprietary funds under the direct method.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. **Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, comp-time and sick pay benefits. An estimate of sick leave liability, comp-time and vacation pay is accrued when incurred in government-wide financial statements and proprietary funds and reported as a liability.

Accrued unpaid vacation pay and other employee benefit amounts, which vest to the employee in the government-wide financial statements for governmental activities total \$111,952 and for proprietary funds total \$9,197.

H. **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

I. **Capital Assets**

Capital assets include land, right of ways, buildings, improvements other than buildings, machinery and equipment, infrastructure (roads and bridges) and work-in-progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Assets under governmental or business activities. Proprietary fund capital assets are also reported in the appropriate fund statements. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold for personal property is defined to be assets with a useful life of at least one year and costing at least \$5,000. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as was the case with certain infrastructure), the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

When constructing capital assets, interest expense incurred relating to governmental or proprietary activities is not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations for proprietary funds and is charged to the various functional expenses or business-type activities in the government-wide Statement of Activities. Accumulated depreciation is reported on proprietary fund and government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Improvements	15-20 years
Equipment	5-10 years
Infrastructure	40-50 years

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Net Assets/Fund Balances**

The difference between assets and liabilities is "Net Assets" on the government-wide and proprietary fund financial statements and "Fund Balance" on the governmental fund financial statements. Net assets are divided into these categories, investment in capital assets (net of related debt), restricted, and unrestricted. Net assets are reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as reserved, unreserved designated, or unreserved undesignated. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004 was as follows:

<b>Primary Government Governmental activities:</b>	<b><u>BEGINNING BALANCE</u></b>	<b><u>INCREASES</u></b>	<b><u>DECREASES</u></b>	<b><u>ENDING BALANCE</u></b>
Capital assets not being depreciated:				
Land	\$ 253,276			\$ 253,276
Rights of Way	97,942			97,942
Total capital assets not being depreciated	<u>\$ 351,218</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$ 351,218</u>
Capital assets being depreciated:				
Buildings	\$ 3,988,981			\$ 3,988,981
Improvements other than buildings	541,978		\$ 3,000	538,978
Machinery and equipment	1,504,529	\$ 385,598	139,422	1,750,705
Infrastructure	5,406,223			5,406,223
Total capital assets being depreciated	<u>\$ 11,441,711</u>	<u>\$ 385,598</u>	<u>\$ 142,422</u>	<u>\$ 11,684,887</u>
Less accumulated depreciation for:				
Buildings	\$ 803,828	\$ 100,681		\$ 904,509
Improvements other than buildings	168,371	16,360		184,731
Machinery and equipment	674,332	110,288	\$ 94,883	689,737
Infrastructure	2,491,382	108,125		2,599,507
Total accumulated depreciation	<u>\$ 4,137,913</u>	<u>\$ 335,454</u>	<u>\$ 94,883</u>	<u>\$ 4,378,484</u>
Total capital assets, being depreciated, net	<u>\$ 7,303,798</u>	<u>\$ 50,144</u>	<u>\$ 47,539</u>	<u>\$ 7,306,403</u>
Governmental activities capital assets, net	<u>\$ 7,655,016</u>	<u>\$ 50,144</u>	<u>\$ 47,539</u>	<u>\$ 7,657,621</u>

## 2. CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 10,889,499	\$ 1,034,480	\$ 105,516	\$ 11,818,463
Water rights	782,520			782,520
<b>Total capital assets not being depreciated</b>	<b>\$ 11,672,019</b>	<b>\$ 1,034,480</b>	<b>\$ 105,516</b>	<b>\$ 12,600,983</b>
Capital assets being depreciated:				
Buildings	\$ 754,452			\$ 754,452
Improvements other than buildings	93,927			93,927
Machinery and equipment	431,547	\$ 26,952	\$ 6,550	451,949
Infrastructure	91,176	739,152		830,328
<b>Total capital assets being depreciated</b>	<b>\$ 1,371,102</b>	<b>\$ 766,104</b>	<b>\$ 6,550</b>	<b>\$ 2,130,656</b>
Less accumulated depreciation for:				
Buildings	\$ 65,305	\$ 26,121		\$ 91,426
Improvements other than buildings	6,118	2,684		8,802
Machinery and equipment	132,537	37,451	\$ 4,585	165,403
Infrastructure	3,039	150,862		153,901
<b>Total accumulated depreciation</b>	<b>\$ 206,999</b>	<b>\$ 217,118</b>	<b>\$ 4,585</b>	<b>\$ 419,532</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 1,164,103</b>	<b>\$ 548,986</b>	<b>\$ 1,965</b>	<b>\$ 1,711,124</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 12,836,122</b>	<b>\$ 1,583,466</b>	<b>\$ 107,481</b>	<b>\$ 14,312,107</b>
Depreciation expense was charged to functions/programs of the primary government as follows:				
Governmental activities:				
General government			\$ 29,143	
Public safety			146,299	
Highways and public improvements			154,407	
Parks and recreation			5,605	
<b>Total depreciation expense - governmental activities</b>			<b>\$ 335,454</b>	
Business-type activities:				
Enterprise - Dutch John			\$ 89,348	
<b>Total depreciation expense - Business-Type Activities</b>			<b>\$ 89,348</b>	
<b>Total depreciation expense</b>			<b>\$ 424,802</b>	

### 3. LONG-TERM DEBT

Annual debt service requirements to maturity for bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 131,000	\$ 111,140	\$ 242,140
2006	136,000	105,648	241,648
2007	142,000	99,943	241,943
2008	147,000	93,995	240,995
2009	157,000	87,905	244,905
2010-2014	883,000	333,350	1,216,350
2015-2019	870,000	108,815	978,815
2020	10,000	300	10,300
	<u>\$ 2,476,000</u>	<u>\$ 941,096</u>	<u>\$ 3,417,096</u>

**General Obligation Bonds** – General Obligation Bonds payable at December 31, 2004, with their outstanding balances, are comprised of the following individual issues:

#### Governmental Activities:

General Obligation Bond, Series 1998A in the amount of \$2,800,000, issued on October 1, 1998. Annual principal and interest payments are due each June 15 and December 15, and range from \$168,242 to \$225,390. The County entered into this agreement for the purpose of financing the cost of acquiring, constructing, improving, or renovating one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The loan bears interest in the amount ranging from 3.00 to 4.90 percent.

\$ 2,350,000

General Obligation Bonds, Series 1998B in the amount of \$150,000, issued on November 4, 1998. Annual principal and interest payments are due each July 1, and range from \$9,580 to \$10,600. The County entered into this agreement for the purpose of financing the cost of constructing, improving, or renovating public facilities and jail complex. The loan bears interest in the amount of 3.00 percent.

\$ 126,000



### 3. LONG TERM DEBT (Continued)

#### Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 2,611,894		\$ 135,894	\$ 2,476,000	\$ 131,000
Capital Leases	38,371		38,371		
Compensated Absences	88,493	\$ 32,656		121,149	
	<hr/>				
Governmental activity long-term liabilities	<u>\$ 2,738,758</u>	<u>\$ 32,656</u>	<u>\$ 174,265</u>	<u>\$ 2,597,149</u>	<u>\$ 131,000</u>

#### Governmental Activity Debt

On October 1, 1998, the County issued General Obligation Bonds Series 1998A in the principal amount of \$2,800,000 together with interest ranging from 3% to 4.9% per annum. The bonds begin accruing interest on the unpaid balance of the principal on October 1, 1998 with interest payments due on June 15 and December 15, beginning 1999. The interest and principal become payable beginning on December 15, 1999 and mature on December 15, 2018. The purpose for issuing the bonds was to acquire, construct, improve or renovate one or more public buildings and other public facilities for public safety including jail facilities along with equipment and furnishings. The repayment schedule is as follows:

### 3. LONG-TERM DEBT (Continued)

#### Governmental Activity Debt (Continued)

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 15, 2005		\$ 53,680	\$ 53,680
December 15, 2005	\$ 125,000	53,680	178,680
June 15, 2006		51,023	51,023
December 15, 2006	130,000	51,024	181,024
June 15, 2007		48,261	48,261
December 15, 2007	135,000	48,261	183,261
June 15, 2008		45,393	45,393
December 15, 2008	140,000	45,393	185,393
June 15, 2009		42,452	42,452
December 15, 2009	150,000	42,452	192,452
June 15, 2010		39,265	39,265
December 15, 2010	155,000	39,265	194,265
June 15, 2011		35,855	35,855
December 15, 2011	160,000	35,855	195,855
June 15, 2012		32,335	32,335
December 15, 2012	170,000	32,335	202,335
June 15, 2013		28,595	28,595
December 15, 2013	175,000	28,595	203,595
June 15, 2014		24,745	24,745
December 15, 2014	185,000	24,745	209,745
June 15, 2015		20,212	20,212
December 15, 2015	195,000	20,212	215,212
June 15, 2016		15,435	15,435
December 15, 2016	200,000	15,435	215,435
June 15, 2017		10,535	10,535
December 15, 2017	210,000	10,535	220,535
June 15, 2018		5,391	5,391
December 15, 2018	220,000	5,391	225,391
Total	<u>\$ 2,350,000</u>	<u>\$ 906,355</u>	<u>\$ 3,256,355</u>

### 3. LONG-TERM DEBT (Continued)

#### Governmental Activity Debt (Continued)

On November 4, 1998, the County issued General Obligation Bonds Series 1998B in the principal amount of \$150,000 together with interest at 3% per annum. Annual principal and interest payments are due each July 1 and range from \$9,580 to \$10,600. The County entered into this agreement for the purpose of financing the cost of constructing, improving, or renovating public facilities and jail complex. The first payment is due July 1, 2001 and the final payment becomes due July 1, 2020. The repayment schedule is as follows:

<u>Principal Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2005	\$ 6,000	\$ 3,780	\$ 9,780
July 1, 2006	6,000	3,600	9,600
July 1, 2007	7,000	3,420	10,420
July 1, 2008	7,000	3,210	10,210
July 1, 2009	7,000	3,000	10,000
July 1, 2010	7,000	2,790	9,790
July 1, 2011	7,000	2,580	9,580
July 1, 2012	8,000	2,370	10,370
July 1, 2013	8,000	2,130	10,130
July 1, 2014	8,000	1,890	9,890
July 1, 2015	8,000	1,650	9,650
July 1, 2016	9,000	1,410	10,410
July 1, 2017	9,000	1,140	10,140
July 1, 2018	9,000	870	9,870
July 1, 2019	10,000	600	10,600
July 1, 2020	10,000	300	10,300
Total	<u>\$ 126,000</u>	<u>\$ 34,740</u>	<u>\$ 160,740</u>

#### 4. CASH AND INVESTMENTS

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Assets for the primary government and fiduciary funds as cash and investments. Income from the investment of the pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by several funds.

At December 31, 2004, the book balance of cash on deposit was \$626,940 and the bank balance was \$684,966. Of these deposits, \$250,729 was covered by Federal depository insurance and is classified as Category 1 under GASB Statement 3. The remaining bank balance of \$434,237 is classified as Category 3. Deposits are not collateralized nor are they required to be by State statute.

The County follows the requirements of the Utah Money Management Act (the Act) in handling its depository and temporary investment transactions. This law requires the depositing of County funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investments are categorized into the following three categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the County's name.

Cash and investments are carried at amortized cost and consist of the following at December 31, 2004:

	Category		Carrying	Fair
	1	3	Amount	Value
Investments not subject to categorization:				
State Treasurers Investment Pool			\$ 4,385,607	\$ 4,385,607
Total	\$ ...	\$ ...	\$ 4,385,607	\$ 4,385,607

4. **CASH AND INVESTMENTS (Continued)**

The Utah Public Treasurers' Investment Fund, managed by the Utah State Treasurer, is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested in securities permitted by the Money Management Act and contain no withdrawal restrictions other than timely notice of intent to withdraw an amount greater than \$2 million. Investment activity of the State Treasurer in the management of the Pool is reviewed monthly by the Council and is audited by the Utah State Auditor. Monies invested in this fund are not insured and are subject to the same market risk as any similar investment in money market funds. The fair value of the position in the Pool is greater than the face value of the Pool shares.

5. **PENSION PLANS**

Daggett County contributes to the Local Governmental Noncontributory Retirement System, and the Public Safety Contributory Systems, for employers with Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

In the Local Governmental Noncontributory Retirement System, Daggett County is required to contribute 9.62% of their annual covered salary for the period January 2004 through June 2004. From July 2004 through December 2004, Daggett County is required to contribute 11.090%. In the Public Safety Retirement System for employers with (without) Social Security coverage non-contributory division members are required to contribute 12.29% of their covered salary and Daggett County is required to contribute 4.52% of covered salaries during the period from January 2004 through June 2004 and 7.70% during the period July 2004 through December 2004. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Daggett County's contributions to the Local Governmental Noncontributory Retirement System for the years ending December 31, 2004, 2003 and 2002 were \$71,576, \$59,254 and \$48,485 respectively. For the Public Safety Contributory Retirement System for December 31, 2004, 2003 and 2002 contributions were \$100,117, \$73,565 and \$65,150 respectively. The contributions were equal to the required contributions for each year.

5. **PENSION PLANS (Continued)**

The County also sponsors a defined contribution retirement plan under Internal revenue Code 401(k), which is administered by the Utah State Retirement Systems (Systems). The Plan covers all county employees who participate in the Systems and Utah Public Safety Retirement Systems retirement plans. Participants are fully vested in employer and employee contributions. The County's contributions for 2004, 2003 and 2002 were \$46,362, \$51,649 and \$50,136 respectively. Participants may make tax deferred contributions through a salary reduction agreement up to a maximum of \$13,000. The participants' contributions for the year ended December 31, 2004, 2003 and 2002 were \$36,919, \$28,462 and \$26,040 respectively.

6. **CONTINGENT LIABILITIES**

Litigation

Daggett County has several pending lawsuits and notice of claims filed by different individuals. These cases are currently pending and the outcome is undeterminable at this time. The County has taken the position to vigorously contest these suits.

Closure and Post-Closure Cost Landfills

During 2003, Daggett County deeded their ½ interest in the landfill to the Town of Manila on the condition the land would continue to be used, operated, and maintained as a public landfill open and available to the residents of the unincorporated area of Daggett County. If the land is not maintained and operated as a public landfill, open and available to the residents of the unincorporated area of Daggett County, the County may reenter and repossess their ½ of the landfill. Currently, the County has no responsibility for closure and post-closure costs associated with the landfill.

7. **PROPERTY TAX CALENDAR**

The County adopts, by June 22, the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The County Assessor assesses the final tax on property in the County on the prior January 1. The taxes are payable to the county treasurer by the end of November and are remitted to the County by the county treasurer as collected.

8. **BUDGET VARIANCE**

During the year ended December 31, 2004, the County had an unfavorable variance when comparing their budget to actual expenditures as follows:

“B”Road Fund –  
Highways and Public Improvements

9. **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1992, the County joined together with other counties in the State to form the Utah Association of Counties (UAC), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual premium to UAC for its general insurance coverage. The Agreement for Formation of the UAC provides that UAC will be self-sustaining through member premiums and will reinsure through commercial companies.

10. **PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 1999, Daggett County entered into an agreement with the United States Bureau of Reclamation to take over certain federal properties known as the Town of Dutch John. These assets were recorded in the records of the County in 1999. But, it has been determined that the value of the roads in the town were not recorded as infrastructure in the financial statements. In the County financial statements for the year ended December 31, 2004 a prior period adjustment in the amount of \$1,650,447 has been made to reflect the value of the improved roads received from the federal government

11. **DEFICIT FUND BALANCE**

Daggett County has over expended the funds available in the following funds:

Predator Control Fund  
Sheriff's Office UHP Fund  
Commissary Fund

12. **OFF BALANCE SHEET RISK**

Daggett County has bank accounts with balances substantially over \$100,000. By maintaining accounts with the same bank with balances exceeding \$100,000, the County has amounts that exceed the FDIC insurance limitation. Consequently, there is a potential loss to the extent that amounts are not insured.

13. **RESTRICTED NET ASSETS**

The County has the following restricted net assets:

Class "B" Road	\$ 75,600
Capital Projects	374,382
D.C. Roads & Transportation	444,257

14. USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

15. RECONCILIATION OF INTERFUND TRANSFERS

The following provides a reconciliation of all interfund transfers for the County:

Transfer in:				
	General Fund	Jail	Nonmajor Governmental Funds	Total Out
Transfer out:				
General Fund		\$ 60,000	\$ 57,600	\$ 117,600
Jail	\$ 28,000		50,000	78,000
"B" Road	14,000			14,000
Dutch John	80,000			80,000
Total in	\$ 122,000	\$ 60,000	\$ 107,600	\$ 289,600



DAGGETT COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS					
	PREDATOR CONTROL	MUSEUM	TRANSIENT ROOM TAX	SHERIFF'S OFFICE LLEBG	SHERIFF'S OFFICE UHP	HOMELAND SECURITY
ASSETS						
Cash and cash equivalents		\$ 11,662	\$ 86,238			\$ 61,079
Investments	\$ 1,052			\$ 8	\$ 12,095	6,644
Due from other governmental units	\$ 1,052	\$ 11,662	\$ 86,238	\$ 8	\$ 12,095	\$ 67,723
Total assets						
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash deficit	\$ 2,655		\$ 500		\$ 17,821	\$ 8,161
Accounts payable						
Total liabilities	\$ 2,655	\$ ...	\$ 500	\$ ...	\$ 17,821	\$ 8,161
Fund Balances:						
Reserved for:						
Capital projects	\$ (1,603)	\$ 11,662	\$ 85,738	\$ 8	\$ (5,726)	\$ 59,562
Unreserved	\$ (1,603)	\$ 11,662	\$ 85,738	\$ 8	\$ (5,726)	\$ 59,562
Total fund balances	\$ 1,052	\$ 11,662	\$ 86,238	\$ 8	\$ 12,095	\$ 67,723
Total liabilities and fund balances						

**DAGGETT COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMISSARY	PARK	GLOBAL POSITIONING SYSTEM	GEO INFO SYSTEM	AMBULANCE	COMPUTER	BUILDING	JAIL	
<b>ASSETS</b>									
Cash and cash equivalents		\$ 51,842	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 660,480
Investments	\$ 3,361								8
Due from other governmental units									23,152
Total assets	\$ 3,361	\$ 51,842	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 683,640
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Cash deficit	\$ 23,195	\$ 166							\$ 43,671
Accounts payable	6,634								15,461
Total liabilities	\$ 29,829	\$ 166	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ ...	\$ 59,132
Fund Balances:									
Reserved for:									
Capital projects	\$ (26,468)	\$ 51,676	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 374,382
Unreserved	\$ (26,468)	\$ 51,676	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 624,508
Total fund balances	\$ 3,361	\$ 51,842	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 683,640
Total liabilities and fund balances									

DAGGETT COUNTY  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	SPECIAL REVENUE FUNDS					
	PREDATOR CONTROL	MUSEUM	TRANSIENT ROOM TAX	SHERIFFS OFFICE LLEBG	SHERIFFS OFFICE UHP	HOMELAND SECURITY
REVENUES:						
Taxes	\$ 1,297		\$ 54,144		\$ 32,509	\$ 219,939
Intergovernmental						
Charges for services	2,000	\$ 415		\$ 107		
Miscellaneous						
	\$ 3,297	\$ 415	\$ 54,144	\$ 107	\$ 32,509	\$ 219,939
Total revenues						
EXPENDITURES:						
Public safety				\$ 2,331	\$ 41,750	\$ 298,873
Highways and public improvements	\$ 3,250	\$ 278	\$ 49,864			
Parks, recreation and public property						
Community and economic development						
	\$ 3,250	\$ 278	\$ 49,864	\$ 2,331	\$ 41,750	\$ 298,873
Total expenditures						
Excess of revenues over (under) expenditures	\$ 47	\$ 137	\$ 4,280	\$ (2,224)	\$ (9,241)	\$ (78,934)
Other financing sources (uses):						
Transfers in		\$ 4,000				
	\$ ..	\$ 4,000	\$ ..	\$ ..	\$ ..	\$ ..
Total other financing sources (uses)						
Excess of revenues and other sources over (under) expenditures and other uses	\$ 47	\$ 4,137	\$ 4,280	\$ (2,224)	\$ (9,241)	\$ (78,934)
Fund Balances - Beginning of year	(1,650)	7,525	81,458	2,232	3,515	138,496
Fund Balances - End of year	\$ (1,603)	\$ 11,662	\$ 85,738	\$ 8	\$ (5,726)	\$ 59,562

**DAGGETT COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	COMMISSARY	PARK	GLOBAL POSITIONING SYSTEM	GEO INFO SYSTEM	AMBULANCE	COMPUTER	BUILDING	JAIL	
<b>REVENUES:</b>									
Taxes		\$ 15,175		\$ 7,500					\$ 69,319
Intergovernmental									261,245
Charges for services	\$ 81,964								81,964
Miscellaneous		75							2,597
Total revenues	\$ 81,964	\$ 15,250	\$ ...	\$ 7,500	\$ ...	\$ ...	\$ ...	\$ ...	\$ 415,125
<b>EXPENDITURES:</b>									
Public safety	\$ 108,432			\$ 2,400					\$ 451,386
Highways and public improvements		\$ 8,568							2,400
Parks, recreation and public property									12,096
Community and economic development									49,864
Total expenditures	\$ 108,432	\$ 8,568	\$ ...	\$ 2,400	\$ ...	\$ ...	\$ ...	\$ ...	\$ 515,746
Excess of revenues over (under) expenditures	\$ (26,468)	\$ 6,682	\$ ...	\$ 5,100	\$ ...	\$ ...	\$ ...	\$ ...	\$ (100,621)
Other financing sources (uses):									
Transfers in				\$ 2,000	\$ 5,000	\$ 5,000	\$ 41,600	\$ 50,000	\$ 107,600
Total other financing sources (uses)	\$ ...	\$ ...	\$ ...	\$ 2,000	\$ 5,000	\$ 5,000	\$ 41,600	\$ 50,000	\$ 107,600
Excess of revenues and other sources over (under) expenditures and other uses	\$ (26,468)	\$ 6,682		\$ 7,100	\$ 5,000	\$ 5,000	\$ 41,600	\$ 50,000	\$ 6,979
Fund Balances - Beginning of year		44,994	\$ 35,041	33,136	49,794	637	222,351		617,529
Fund Balances - End of year	\$ (26,468)	\$ 51,676	\$ 35,041	\$ 40,236	\$ 54,794	\$ 5,637	\$ 263,951	\$ 50,000	\$ 624,508

DAGGETT COUNTY  
SCHEDULE OF CURRENT TAXES LEVIED, COLLECTED AND TREASURER'S RELIEF  
FOR THE 2004 PROPERTY TAX YEAR

TAX UNITS	TAXABLE VALUE	TAX RATE	TOTAL TAXES LEVIED	TREASURER'S RELIEF			TOTAL RELIEF	NET TAX COLLECTED	
				UNPAID TAXES	ABATEMENTS	OTHER		AMOUNT	PERCENT
Daggett County	187,777,858	0.003079	\$ 578,158	\$ 20,543	\$ 1,090	\$ 3,341	\$ 24,974	\$ 553,184	95.68%
Daggett County State Assessing & Collection	187,777,858	0.000180	33,804	1,202	64	250	1,516	32,288	95.52%
Daggett County Co. Assessing & Collection	187,777,858	0.000174	32,745	1,162	62	273	1,497	31,248	95.43%
Daggett County School District - General	187,777,858	0.002617	491,494	17,464	927	3,816	22,207	469,287	95.48%
Daggett County School District - Basic	187,777,858	0.001801	338,112	12,021	638	2,533	15,192	322,920	95.51%
Manila Town	31,396,611	0.000863	27,088	1,490	179	(19)	1,650	25,438	93.91%
Daggett Water & Sewer District	19,506,985	0.000691	13,485	721	42		763	12,722	94.34%
Daggett County Mosquito District	52,358,161	0.000320	16,734	905	89	(15)	979	15,755	94.15%
Daggett County Service Area	2,151,435	0.001274	2,741	165		(1)	164	2,577	94.02%
Total			\$ 1,534,361	\$ 55,673	\$ 3,091	\$ 10,178	\$ 68,942	\$ 1,465,419	

## OTHER COLLECTIONS

	FEE IN LIEU	AGE-BASED	MISC COLLECTION	DELINQUENT INTEREST AND PENALTY	
				TAXES	
Daggett County	\$ 31,482	\$ 31,157	\$ 30,241	\$ 9,411	\$ 2,152
Daggett County State Assessing & Collection	1,781	1,762	(34)	611	28
Daggett County Co. Assessing & Collection	1,869	1,850	(33)	646	30
Daggett County School District - General	26,730	26,454	17,763	9,238	424
Daggett County School District - Basic	17,954	17,769	12,224	6,151	279
Manila Town	3,279	3,561	43	627	31
Daggett Water & Sewer District	1,465	1,940	22	373	17
Daggett County Mosquito District	1,972	2,363	24	424	19
Daggett County Service Area	253	162	4	59	1
Total	\$ 86,785	\$ 87,018	\$ 60,254	\$ 27,540	\$ 2,981

# SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

47 North First East

Price, Utah 84501

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

Re: Report on Legal Compliance with  
Applicable Utah State Laws and  
Regulations

Ladies/Gentlemen:

We have audited the financial statements of Daggett County for the year ended December 31, 2004, and have issued our report thereon dated May 20, 2005. As part of our audit, we have audited the County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; and special tests and provisions applicable to each of its major State assistance programs, as required by the State of Utah's Legal Compliance Audit Guide, for the year ended December 31, 2004. The County received the following major State assistance programs from the State of Utah.

Class "B" Road Allotment (Department of Transportation)  
Liquor Law Enforcement (Utah State Tax Commission)

The County also received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the County's financial statements.)

Division of Wildlife Resources (State of Utah DWR)  
Emergency Medical Services (Department of Health & Human Services)  
EMS Ambulance Grant (Department of Health & Human Services)  
EMS CME Training (Department of Health & Human Services)  
Public Library Services (Department of Community and Economic Development)  
Geographical Grant (Department of Transportation)  
Homicide Grant (Department of Community and Economic Development)  
Drinking Water Grant (Department of Environmental Quality)  
CIB Grant (Department of Community and Economic Development)

Our audit also included testwork on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Other Compliance Requirements  
Special Districts

Justice Courts  
B & C Roads  
Statement of Taxes Charged,  
Grant Collected and Disbursed  
Truth in Taxation and  
Property Tax Limitations

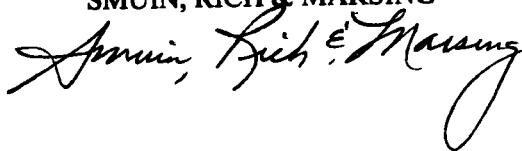
The management of the County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Daggett County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2004.

SMUIN, RICH & MARSING



Price, Utah

May 20, 2005

# SMUIN, RICH & MARSING

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Price, Utah 84501

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## MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

RE: Report on Compliance and on Internal  
Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed  
in Accordance With Government Auditing  
Standards

We have audited the financial statements of Daggett County as of and for the year ended December 31, 2004, and have issued our report thereon dated May 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

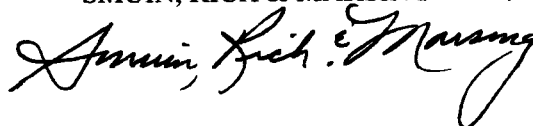
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, reading "Armin Rich Marsing". The signature is written in dark ink and is positioned below the firm's name.

Price, Utah

May 20, 2005

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of County Commissioners  
Daggett County  
Manila, Utah 84046

RE: Report on Compliance With Requirements  
Applicable to Each Major Program and  
Internal Control Over Compliance in  
Accordance With OMB Circular A-133

## Compliance

We have audited the compliance of Daggett County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004. The results of our auditing procedures disclosed no instances of non-compliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

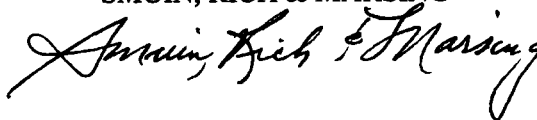
### Internal Control Over Compliance

The management of Daggett County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

SMUIN, RICH & MARSING



Price, Utah

May 20, 2005

**DAGGETT COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Daggett County.
2. There were no reportable conditions or material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Daggett County were disclosed by the audit.
4. There were no reportable conditions or material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance, for the major federal award programs, for Daggett County expresses an unqualified opinion.
6. The audit of Daggett County's major programs disclosed no audit findings relating to major programs that the auditor is required to report.
7. The program tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
US Bureau of Reclamation	15.BBY
US Bureau of Reclamation Man Power	15.503

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Daggett County was determined to be a low-risk auditee.

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**DAGGETT COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT DECEMBER 31, 2004
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>						
Direct Program:						
10.664		\$ 52,000		\$ 8,179	\$ 8,179	
10.664		55,000		54,882	54,882	
10.664		4,932		4,932	4,932	
SISK Cooperative Agr. (overtime)						
Pass through State of Utah:						
10.670		30,828		30,828	30,828	
National Forest - Dependent Rural Communities						
		\$ 142,760	\$ ...	\$ 98,821	\$ 98,821	\$ ...
Total U.S. Department of Agriculture						
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Program:						
16.710		\$ 75,000	\$ ...	\$ 39,437	\$ 39,437	\$ ...
Cops Universal Hiring Program						
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Pass through State of Utah:						
14.218		\$ 6,000	\$ ...	\$ 6,000	\$ 6,000	\$ ...
CDBG Entitlement Grant						
<b>U.S. DEPARTMENT OF THE INTERIOR</b>						
Direct Program:						
15.503		\$ 493,472		\$ 148,572	\$ 148,572 *	
15.503		493,472		366,314	366,314 *	
15.BBY		4,500,000		337,566	337,566 *	
Bureau of Reclamation						
Bureau of Reclamation - Dutch John						
		\$ 5,486,944	\$ ...	\$ 852,452	\$ 852,452	\$ ...
Total U.S. Department of the Interior						

DAGGETT COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JANUARY 1, 2004	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT DECEMBER 31, 2004
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pass through State of Utah:						
Homeland Security Grant Program						
97.004		\$ 219,939		\$ 219,939	\$ 219,939	
Total U.S. Department of Homeland Security						
		\$ 219,939	\$ ...	\$ 219,939	\$ 219,939	\$ ...
FEDERAL EMERGENCY MANAGEMENT AGENCY						
Pass through State of Utah:						
FEMA						
83.562		\$ 2,750		\$ 2,750	\$ 2,750	
Total Federal Emergency Management Agency						
		\$ 2,750	\$ ...	\$ 2,750	\$ 2,750	\$ ...
TOTAL FEDERAL ASSISTANCE						
		\$ 5,933,393	\$ ...	\$ 1,219,399	\$ 1,219,399	\$ ...

\* Major Program

**DAGGETT COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2004**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Daggett County. The County reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for expenses of the County, which is described in Note 1 of the financial statements.

**DAGGETT COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Daggett County had no prior audit findings that were required to be reported, in the previous audited financial statements.



# SMUIN, RICH & MARSING

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MEMBERS

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

July 11, 2005

Daggett County  
County Commissioners  
Manila, Utah 84046

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal controls in connection with our examination of the basic financial statements of Daggett County for the year ended December 31, 2004.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

## **STATE OF UTAH LEGAL COMPLIANCE**

### **Deficit Fund Balances**

According to State of Utah law, Counties are not allowed to spend more funds than what they receive, by doing so, they create a deficit in the department or fund. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of available funds, is illegally created debt in violation of the Utah Constitution. During the audit, we found the Predator Control Fund, Sheriff's Office UHP and Commissary Fund had deficit fund balances for the year ending December 31, 2004.

We recommend the County take the necessary steps to remove the deficits during their next calendar year.

### **County Response**

*The County will review the funds mentioned and take the necessary steps to determine if deficits do exist and if so, make changes to eliminate the deficits.*

### **Unfavorable Budget Variance**

Utah law prohibits officers and employees of Counties to incur expenditures or encumbrances in excess of the total appropriations for budgets of the County. The County has overspent the following fund and department in the current fiscal year:

"B" Road Fund  
Highway and public improvements (\$ 17,376)

We recommend the County review the expenditures and encumbrances made, and compare against the adopted budgets, to determine if the budgets of the County are being overspent. Department directors need to evaluate the expenditures for their departments to ensure that budgets are not being over spent.

### **County's Response**

*The County realizes the importance of staying within approved budgeted expenditures and has reviewed the financial reports on a regular basis for budget variances. The County has and will continue to monitor the expenditures that have been budgeted with the expenditures that the departments are authorizing for payment.*

### **C-500 Reports**

Utah Code Section 51-4-2 requires that each County that has collected funds that are due to the State shall, on or before the tenth day of each month, pay all of those funds that were receipted during the last month.

From examination of the C-500 reports, it was found that seven out of the twelve reports filed during the year were filed late. We recommend the County comply with State of Utah requirement and make sure reports are filed on a timely basis.

### **County's Response**

*The County will review the filing due dates with employees and make sure C-500 reports are filed on a timely basis. .*

### **SUMMARY**

We feel the accounting procedures and State Compliance issues mentioned above are areas where the County can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

